



Multistate Tax Commission

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To: Executive Committee
From: Frank D. Katz, General Counsel
Subject: Uniformity Proposal: Sales Tax Priority on Leasing Transactions
Date July 8, 2003

A uniformity proposal on sales tax priority on leasing transactions had been referred from the Uniformity Committee to the Executive Committee. The Executive Committee referred the matter to Public Hearing. After a December 17, 2002 hearing, Hearing Officer Roxanne Bland suggested in a memo to the Executive Committee that there be further consultations with industry representatives to resolve a number of issues. The Executive Committee thought that a good suggestion.

Roxanne subsequently held a number of teleconferences with industry representatives and made substantial progress in resolving certain issues. During her leave of absence, Executive Director Dan Bucks appointed Frank Katz as a second Hearing Officer on the proposal. Frank has also had considerable contact with industry and state representatives and has further refined the proposal.

At this point, the proposal differs markedly from that the Uniformity Committee approved. In particular, the method of crediting payments from a first state by a second state has been revised. There also appears to be an issue of which state ought to be granting the credit.

For these reasons, your Hearing Officers recommend that the matter be referred back to the Uniformity Committee for reconsideration.